
LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT

Officers and Trustees
Louisiana Municipal Advisory and Technical Services
Bureau Corporation
Baton Rouge, Louisiana

We have audited the accompanying balance sheets of Louisiana Municipal Advisory and Technical Services Bureau Corporation (a wholly-owned subsidiary of Louisiana Municipal Association) as of December 31, 2006 and 2005, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the management of Louisiana Municipal Advisory and Technical Services Bureau Corporation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Municipal Advisory and Technical Services Bureau Corporation as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Postlethwaite & Netterville

Baton Rouge, Louisiana
June 12, 2007

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

BALANCE SHEETS
DECEMBER 31, 2006 AND 2005

ASSETS

	<u>2006</u>	<u>2005</u>
Current assets:		
Cash	\$ 229,066	\$ 120,705
Accounts receivable	2,881	10,253
Prepays	<u>-</u>	<u>5,025</u>
Total current assets	<u>231,947</u>	<u>135,983</u>
Furniture and equipment, net	<u>8,847</u>	<u>9,955</u>
Total assets	<u><u>\$ 240,794</u></u>	<u><u>\$ 145,938</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:		
Accounts payable	\$ 45,405	\$ 24,532
Due to affiliate	<u>3,850</u>	<u>4,850</u>
Total liabilities	<u>49,255</u>	<u>29,382</u>
Stockholder's equity:		
Common stock, no par value, no stated value, 100 shares authorized, issued and outstanding	51,000	51,000
Retained earnings	<u>140,539</u>	<u>65,556</u>
	<u>191,539</u>	<u>116,556</u>
Total liabilities and stockholder's equity	<u><u>\$ 240,794</u></u>	<u><u>\$ 145,938</u></u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Revenues:		
Program administration fees	390,394	389,707
Interest income	70,539	29,101
Total revenues	<u>460,933</u>	<u>418,808</u>
Expenses:		
Administrative fees	288,456	265,600
Accounting fees	9,000	9,000
Advertising	9,212	6,455
Audit fees	3,700	3,300
Bank charges	5,364	4,163
Contract consultant fees	8,200	29,724
Depreciation	7,130	7,013
Insurance	2,000	2,000
Legal fees	3,082	19,051
Office supplies	-	1,000
Professional services	4,600	14,550
Rent	3,360	3,360
Sponsorships	13,500	37,500
Taxes	1,912	150
Telephone	1,904	118
Other	30	4,853
Total expenses	<u>361,450</u>	<u>407,837</u>
Net income before income taxes	99,483	10,971
Income tax expense	24,500	1,083
Net income	<u>\$ 74,983</u>	<u>\$ 9,888</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, December 31, 2004	\$ 51,000	\$ 55,668	\$ 106,668
Net income	-	9,888	9,888
Balance, December 31, 2005	51,000	65,556	116,556
Net income	-	74,983	74,983
Balance, December 31, 2006	<u>\$ 51,000</u>	<u>\$ 140,539</u>	<u>\$ 191,539</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net income	\$ 74,983	\$ 9,888
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	7,130	7,013
Changes in operating assets and liabilities:		
Accounts and other receivables	7,372	31,803
Prepays	5,025	(2,500)
Accounts payable and due to affiliate	<u>19,873</u>	<u>(85,677)</u>
Net cash provided by (used in) operating activities	<u>114,383</u>	<u>(39,473)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of equipment	<u>(6,022)</u>	<u>(2,000)</u>
Net cash used in investing activities	<u>(6,022)</u>	<u>(2,000)</u>
Net change in cash	108,361	(41,473)
Cash, beginning of year	<u>120,705</u>	<u>162,178</u>
Cash, end of year	<u><u>\$ 229,066</u></u>	<u><u>\$ 120,705</u></u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
BUREAU CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Organization Background*

Louisiana Municipal Advisory and Technical Services Bureau Corporation (LaMats), a Louisiana corporation, is a wholly-owned subsidiary of Louisiana Municipal Association (LMA). LMA is an association for the municipalities of Louisiana and is incorporated as a non-profit corporation under the laws of the State of Louisiana. LaMats was incorporated in 1998 for the purpose of providing various advisory and technical services to the membership of the LMA.

(b) *Depreciation*

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Lives of the assets are as follows:

Office equipment and furniture	5-7 years
Computer equipment and software	3 years

As of December 31, 2006 and 2005 accumulated depreciation was \$28,809 and \$21,679, respectively.

(c) *Use of Estimates*

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

For the purpose of the statement of cash flows, cash includes cash in deposit accounts with financial institutions.

(e) *Administrative Revenue*

LaMats receives administrative fees related to the insurance premium taxes collected on behalf of the municipalities participating in the program. LaMats received an administrative fee of 3% of the insurance premium taxes collected on behalf of participating municipalities in 2006 and 2005. Administrative fees are considered earned and recognized as revenues when collected from the insurance companies.

(f) *Accounts Receivable*

LaMats considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made. Collections on accounts previously written off are included in income when received.

LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES
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NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) *Income taxes*

LaMats is considered a for-profit service organization taxable entity by the Internal Revenue Service and files a separate C-Corporation income tax return. Income taxes are provided for using the liability method.

2. INCOME TAXES

LaMats federal income tax expense was \$24,500 and \$1,083 for 2006 and 2005, respectively. As of December 31, 2006 and 2005, LaMats has no deferred income tax assets or liabilities. LaMats recognizes income tax liabilities using the liability method.

3. RELATED PARTY TRANSACTIONS

LaMats pays LMA accounting fees for services performed on their behalf. The total accounting fees were \$9,000 for each of the years ended December 31, 2006 and 2005. In addition, at December 31, 2006 and 2005 LaMats owed LMA \$3,850 and \$4,850, respectively for costs incurred by LMA on behalf of LaMats.

LaMats pays LMA administrative fees for various services provided by LMA. For the year ended December 31, 2006 and 2005, included in expenses is \$75,000 and \$55,000, respectively, related to administrative fees paid to LMA. LaMats pays LMA rent for the space in which it conducts its operations. LaMats paid LMA a total of \$3,360 for rent for each of the years ended December 31, 2006 and 2005.

4. ADMINISTRATIVE CONTRACT

LaMats contracts the Palmer Group, based out of Tallahassee, Florida, to perform billing, collecting and administrative duties within the insurance premium tax program. LaMats' Board of Directors approves the contract with the Palmer Group on a yearly basis for services rendered. For 2006 and 2005, the Palmer Group was contracted to be paid approximately \$17,750 and \$17,550 per month or \$213,456 and \$210,600.